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Benchmarking the effectiveness of NDYP

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PAPER SUBMITTED TO PSI DISCUSSION PAPER SERIES

Benchmarking the effectiveness of NDYP

A review of European and US literature
on the microeconomic effects
of labour market programmes for young people

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August 2002

Revised version of a project working paper prepared for the National Audit Office

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1. Introduction

The review reported here was commissioned in 2000 by the National Audit Office as part of its evaluation of the New Deal for Young People (NDYP). Its purpose was to compare the economic impact of NDYP with those of labour market programmes elsewhere, to the extent that robust and comparable evaluation results were available. To carry out this task, the authors built upon earlier reviews, including one conducted as part of an earlier evaluation of NDYP (Auspos et al., 1999). However a substantial number of studies were added to those reviewed earlier, and for reasons to be discussed shortly, it is the newer studies on which most weight will be placed in developing the comparisons with NDYP. The outcomes of central interest relate to the economic benefits of employment in market jobs. These outcomes include employment, and wages or earnings. The evidence reviewed in this evaluation is restricted to studies applying microeconomic methods in order to identify and estimate the programme effects. The original review for the National Audit Office (NAO) included some discussion of macroeconomic studies (see Knight and White, 2000), but it has been decided to exclude this material from the present discussion paper as they were relatively few in number and somewhat heterogeneous in method.

The studies considered for this review are listed in the Bibliography and cover all those which we were able to identify up to May 2000. We have not attempted to revise the review by incorporating studies that have become available more recently. The only exception to this concerns NDYP itself, where we have taken account of findings published in 2002, which help to fill an important gap in the comparisons.

NDYP is a complex programme containing several component programmes within itself. Ideally, the benchmarking study would identify a few programmes and evaluations that are very similar to each component of NDYP, then provide analysis of their features and results, by which the relative effectiveness of that component of NDYP would be judged. Due to differences in client groups, background economic circumstances and complex differing labour market systems between countries, we instead focus on ‘reasonably similar’ clusters of studies. Reporting covers the range of outcomes in each cluster, with judgement and commentary on the observed differences. The larger the cluster, and the more consistent the outcomes across evaluations, the more firm that evidence might be said to be. Within each cluster, we point to one or two particularly relevant studies for comparative purposes. However, we have not been able to find any very closely fitting single comparisons. NDYP can best be assessed relative to the whole range of reasonably comparable findings from other countries.

More weight is given in the review to studies based on data from the 1990s, where available. In some countries, however, including the USA, relatively little evidence that is directly relevant has been produced since the 1980s. In some other cases, moreover, it is relevant to consider older studies, for example when no later studies provide evidence

on a particular aspect or where comparisons between earlier and later evaluations in the same country are illuminating.

This review is 'informal' in the sense that the comparative material is not subjected to a process of quantification and statistical analysis, as it would be in the case of a meta-analysis (for the application of meta-analysis to economic studies, see Stanley and Jarrell, 1998). We regard meta-analysis as the ideal for the type of review conducted here, but the resources required to codify such a large body of primary studies (we have identified 127 for the purposes of this review: see Bibliography), prior to meta-analysis, are very substantial. However, we have applied a standardised classification and codification process, as if for meta-analysis, to the main studies on which the review focuses. This at least reduces the risk of arbitrary judgements. We hope that this work may be a useful preliminary step towards a full meta-analytic study.

The structure of the paper is as follows. In section 2, we describe and classify the main features of NDYP, reproduce the main findings of the evaluation of NDYP, and discuss the criteria for selection of comparator studies for NDYP. In section 3, there are four sub-sections presenting findings from selected comparator studies in turn for each main component of NDYP. Each of these four sub-sections provides the benchmarking conclusions for that component of NDYP. Section 4 provides an overall summary and conclusions.

2. New Deal for Young People, and Selection of Comparators

New Deal for Young People (NDYP) is an active labour market programme with several innovative features. It is also a complex, multi-faceted programme. Entry to the New Deal for Young People (henceforth, NDYP) became, from April 1998, mandatory for all 18-24 year olds who had been unemployed and claiming the relevant benefits for six months or more. Individuals entered NDYP shortly after reaching six months of unemployment, or in the case of those who had longer unemployment durations at April 1998, after reaching their next six-monthly review point¹.

NDYP consists, in the broadest outline, of two sequential components, 'Gateway' and 'Options'. All entrants initially pass through a period of counseling, assessment and supported job-search, which is known as the Gateway. The Gateway is delivered to each participant on a one-to-one basis by a New Deal Personal Adviser (NDPA). Before New Deal, Britain had already placed great emphasis on the administrative system of job-search support and supervision, first through the development of the Restart system of job search review interviews, and later by the introduction of Jobseekers Allowance, under which benefit claimants were required to follow instructions given by employment office staff concerning job search. The New Deal Gateway and NDPA system retained much of

¹ Earlier entry to NDYP was permitted on a voluntary basis, and in addition some groups with special difficulties, such as ex-offenders, were given entry to NDYP without the need to have six months of unemployment.

the structure and disciplinary aims of that earlier development. At the same time, the intention has been to upgrade job search assistance to offer a larger element of counseling. The initial interview on entry to the Gateway may take up to an hour, compared with only 15-20 minutes in the standard job-seeker's interview of the Restart system. There are usually a number of follow-up interviews and briefer day-to-day contacts as NDPAs provide a flexible, responsive and client-centered type of support in implementing an individual job-search plan. Furthermore, Gateway contains a referral service, and clients may be sent on to specialists for help with anything from careers guidance to homelessness. They may also take part in short courses to improve job-search skills, or they may go on brief trials (known as 'tasters') to experience one or more of the NDYP Options before making a choice. Participation in one of these Options represents the next stage in NDYP for those who were not successful in obtaining a job during the Gateway period, or were regarded as not ready to compete in the open job market.

There are four main Options²:

- A period of full-time education and training, in a classroom setting at a further education college or training centre;
- A placement into a waged job, supported by a wage subsidy to the employer which continues for six months, with a further subsidy to provide initial training in the job;
- A placement into a voluntary sector project, which provides work experience and training while the participant continues to be paid an unemployed person's allowance; and
- A placement into a local Environment Task Force, carrying out work on environmental improvement projects, on a similar basis to the voluntary sector Option.

The education and training Option generally has a qualification aim, while the three work-based Options all involve a requirement on the employers or other providers to supply training for one day per week. On completion of an Option, individuals who do not obtain employment in the job market may return to NDYP for a further period of supported job-search, known as 'follow-through'.

Participation in the Gateway was originally planned to continue for up to four months but in practice the Gateway period has often extended for up to six months. The Options were intended to continue for six months, except in the case of full-time education and training which may continue for up to one year. The overall time in NDYP for those entering Options therefore in principle ranges from 10-18 months, except for those who get jobs part-way through or leave early for other reasons.

² A further Option, assistance in starting self-employment, is taken by very small numbers.

2.1 NDYP as the focus of evaluation

No labour market programme elsewhere is likely to have the same combination of features as NDYP, and so to seek single benchmarks is infeasible. However, NDYP can be reduced to a set of key elements, and it is these which can be compared to other active labour market programmes elsewhere. In resolving NDYP down to a more manageable description for comparison, the usual terminology from the evaluation literature is applied to classify each part.

The Gateway of NDYP is a period of job search counseling, guidance and facilitation, usually described in the evaluation literature as Job Search Assistance. However it may be important to recognise that the Gateway contains elements which are not usually present in Job Search Assistance. For example, participants while in the Gateway can also take part in courses to improve their basic skills, such as reading and writing English. For those that participate in these courses, this may be equivalent to what is called Basic Training in some other countries and is often considered as a type of training programme in its own right.

The Employment Option of NDYP, is primarily a Wage Subsidy programme aimed at providing entry to jobs in the private (i.e., market) sector. The employer's training commitment which forms part of this option, most closely resembles 'on-the-job-training', however in practice it can be very varied in delivery, including class-room training off the job.

Full time Education and Training Option can be best described as Classroom Vocational Training. An important proviso in describing it as vocational training, is that it is limited to lower levels of vocational training, to British levels NVQ 1 to 2, and only for up to a year of coursework. Some of the European programmes with which comparisons will be made offer longer periods of training and/or to higher qualification or skill levels.

NDYP's Voluntary Sector Option and Environment Task Force Option can be classified in various ways, including temporary work in the public sector, or community projects. We will generally use the simple label Job Creation, but this always implies a temporary placement in the non-market sector. Environment Task Force is similar to many previous programmes of this type, but the Voluntary Sector Option is a less good fit to the category since the voluntary sector organisations are subject to substantial market constraints. We include it here because the Voluntary sector focus is also on non-marketable benefits to the wider community.

The key elements of NDYP that will be compared to other countries' programmes are summarised in Table 1.

Table 1: Key Parts of NDYP

description	terminology
NDYP	Active labour market programme
Gateway	Job search assistance, basic training
Employment Option, (with training commitment)	Wage subsidy in a private sector job, 'on-the-job-training'
Voluntary Sector Option (placement into a voluntary sector project)	Job Creation/Temporary placement / community projects
Environment Task Force Option (placement into a local Environment Task Force)	Job Creation/Temporary placement / community projects
Full time Education and Training Option	Classroom Vocational Training

2.2 Findings from the microeconomic evaluation of NDYP concerning employment impacts of Options

A microeconomic evaluation of NDYP has been reported in Bonjour et al. (2001). The evaluation used survey data from an inflow sample of participants. An analysis using administrative data has also been carried out (Dorsett, 2001) and this appears to produce similar findings.

The method used for the evaluation is known as 'multiple treatment matching'. In the usual matching approach, participants are compared with non-participants who would have been eligible to participate, selecting the latter to be as similar as possible to the participants on (ideally) all characteristics which affect both the probability of participating and the evaluation outcomes of interest (Rosenbaum and Rubin, 1983; Heckman et al., 1999). 'Multiple treatment matching' is an extension of this method to making pair-wise comparisons between participants in several different programmes (or in the case of NDYP, different Options) (Imbens, 1999; Lechner, 2002). This makes it possible to assess whether people taking part in one programme would have been better off or worse off if instead they had been on another programme.

In the case of NDYP, all those who were eligible were required to take part so there was no group of non-participants. However, a substantial minority of the entrants to the Gateway remained unemployed, but outside Options, after they had completed four months on Gateway. The authors of the evaluation interpreted this as follows: "Whereas those participating in an Option can be regarded as having received a treatment of Gateway plus Option, those who simply remain on the Gateway can be regarded as receiving a treatment of Gateway plus more Gateway. In fact, such evidence as is available suggests that the intensity of Gateway diminishes with time such that those on an extended Gateway can be regarded as receiving little additional attention beyond their initial Gateway experience" (Bonjour et al. 2001: page 9).

According to this interpretation, each Option can be compared (via matching) not only with each other Option, but also with those remaining on ‘extended Gateway’ who represent a ‘no action’ group, analogous to the non-participant comparison groups that are commonly used in evaluation studies.

It should be noted that in the evaluation design using the matching estimator, it is not possible to evaluate the impact of the initial Gateway period, since by definition this precedes both Options and ‘extended Gateway’. The Gateway stage itself can however be evaluated by the difference-in-differences method, that is, by making comparisons with a non-eligible group (such as a different age group among the unemployed), both before and after the advent of NDYP. Wilkinson (2002), cited in White and Riley (2002: 24-25), used this methodology with administrative data and estimated that the Gateway increased entry to employment by six percentage points for men and by five percentage points for women.

Table 2 below shows the results from an analysis, reprinted from Bonjour et al. (2001), concerning the probability of being employed at approximately 15 months after sampling. (‘Employment’ excludes being in a subsidised job or programme placement.) The bold figures on the diagonal show the raw percentages in employment, across the Options. For instance, exactly half of those who had been in the employment Option were in employment at the time of the follow-up interview, while the corresponding figure for those in the ETF Option was 20.2 per cent.

The off-diagonal cells draw on the matching results to give the estimated effect of being in the row Option compared to the column Option for those who were in the row Option. A positive value indicates that the participants in the row Option are more likely to be employed than they would have been had they participated in the column Option.³ A negative value has the opposite meaning. For example, those who participated in the employment Option were more likely to be in employment than had they participated in the education Option. The size of this effect is quite large, amounting to 18.2 percentage points. That indicates that the average level of employment for those who participated in the employment Option was 18.2 percentage points higher than it would have been had these same people participated in the education Option instead.

³ Asterisks denote the level of significance; those marked with a double asterisk indicate significance at the 1 per cent level, a single asterisk denotes significance at the 5 per cent level and no asterisk denotes significance at the 10 per cent level. Empty cells indicate that the significance of the difference was below the 10 per cent level.

Table 2 NDYP: Percentage employed at time of follow-up interview

	Comparison group				
	Employment	FTET	VS	ETF	EGW
Treatment group					
Employment	50.0	18.2**			
FTET	-18.5**	26.5			
VS	-26.0**	-7.6	22.2		-11.3
ETF	-27.5**	-7.8		20.2	
EGW	-16.6*				31.9

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

FTET=full-time education and training option

VS=Voluntary Sector Option

ETF= Environment Task Force

EGW=extended Gateway, lasting 5 months or more

The over-riding conclusion is that participating in the employment Option (i.e., the Wage Subsidy programme) improves the chances of being employed at the time of the follow-up interview relative to the other possibilities.

In Table 3 the whole period from the end of the first Option to the time approximately 15 months after entry is considered.⁴ The interpretation of the cell entries is as before. Again, the employment Option (Wage Subsidy) emerges as the dominant Option but now the effects are even larger. This suggests that not only did participation in the employment Option have a positive effect on the employment chances relative to the other Options, but that this positive effect may have been quicker to emerge than the corresponding effects of the other Options.

Across Tables 2 and 3, no Option other than subsidised employment had better employment outcomes than the 'extended Gateway' (EGW). Nor were there any clear differences in employment outcomes between the other Options.

In order to compare the employment Option with external benchmarks, the results of Table 3 are probably most useful. The results should ideally be compared with other studies reporting similar outcome measures for a period of 6-9 months after participants have left a programme.

2.3. The approach for selection of comparative studies

In order to condense the large amount of information that can arise from a literature review into a brief, useable format, the key parts of NDYP, shown in Table 1 are each treated in turn. The relevant results from available comparator studies are shown under each heading. This is followed by a discussion of which studies are judged to be the most relevant for the purposes of benchmarking NDYP. The limitations of the studies and quantifiable results they offer form part of this discussion. Within each set of benchmark

⁴ The option end date of those on the extended Gateway is set to 150 days after entering the Gateway.

Table 3 NDYP: Percentage of time employed from leaving first option to follow-up interview

		Comparison group				
		Employment	FTET	VS	ETF	EGW
Treatment group						
Employment	49.8		24.3**	19.0**		10.1
FTET	-24.1**		21.3		5.2	
VS	-29.4**			19.1		
ETF	-36.6**				18.8	
EGW	-21.6**		4.9			25.2

Note: ** - significant at 1%; * - significant at 5%; no asterisk - significant at 10%

FTET=full-time education and training option

VS=Voluntary Sector Option

ETF= Environment Task Force

EGW=extended Gateway, lasting 5 months or more

studies, one or two are chosen as the best for comparison, and in these cases somewhat more discussion is offered.

In selecting studies for inclusion in this review, we have applied four main criteria:

- a) We have confined attention to countries in Western Europe and the USA.
- b) We have confined attention to programmes for unemployed people, especially for unemployed young people, that corresponded reasonably well to important features of NDYP, as described in the previous section.
- c) We have excluded studies that did not have a clear econometric method and have given more priority to studies giving careful attention to the difficulties of evaluation.
- d) We have prioritised studies that are relatively recent.

The reason for (a) and (b) is the same: we wished to make the programmes as comparable to NDYP as possible. This is also a reason for condition (d), since labour market conditions have possibly changed over time. However, (d) also overlaps with (c) to some extent, since the older studies tend to have limitations in their research methods which were not fully appreciated at the time. We will discuss this more fully below, but first a few other points should be noted.

We include some studies for East Germany after unification, but exclude some available information from other former Eastern Bloc countries. One reason for this distinction is that East Germany has been assimilated directly into a West European economy whereas the other East European countries have until very recently at least remained in a more transitional state, making them less comparable. Another reason is that there are several East German studies that are recent and similar in terms of methods with some other recent studies. This contributes something to comparability. Still, we must be

particularly cautious about the East German results since they too come from an unusual context.

The US studies which we include are mainly older than the European studies. One reason for this is that the types of programme included in NDYP have not recently been the focus of evaluation effort in the USA. These kinds of programmes were evaluated there in the 80s and in some instances in the late 70s. The USA has now moved on to other types of programme and to other client groups. One reason for being interested, none the less, in the older US results is that they were carried out by *experimental methods*. The method, though not infallible, is still widely regarded as producing the most reliable estimates. Carefully conducted experimental studies have therefore not become out of date in terms of method. However, the changes in economies and labour markets over the 1980-2000 period have to be borne in mind when using these older results.

Evaluation conducted in Europe differs from that in the USA, since there have been very few experimental programmes. Instead, *non-experimental evaluations* have been used. These non-experimental methods have themselves evolved rapidly during the 1990s. As a result, there is a marked difference between evaluations published up to around 1997, and those published thereafter.

Non-experimental evaluations of voluntary programmes have to deal with the fact that individuals self-select, or are selected, into the programme. The participants may have different characteristics (such as qualifications, work experience or family circumstances) from those not participating. Additionally, some differences, such as in attitudes or motivation, may be virtually impossible to measure. Until recently, the methods used to deal with this type of problem relied heavily on distributional assumptions and on generalising from what was observed to what was outside the range of observation. These assumptions were perhaps too complex, too extreme and too hard to verify in practice. If assumptions were incorrect, the results could be misleading even though the work had been carefully completed. The more recent work relies on methods which reduce reliance on functional form assumptions, and it also emphasizes the role of specification testing in regard to assumptions.

As noted earlier, in selecting studies to include in the benchmarking, we have generally preferred the more recent European studies which use matching methods and/or difference-in-differences. Comparability is increased since these were also the main methods used in evaluating NDYP. The review also refers to recent studies applying other new developments in evaluation methods, which are less comparable with NDYP, but we give them less weight from the viewpoint of benchmarking NDYP.

The effect of these choices is generally to lower the benchmarks against which NDYP is being compared, since the earlier European results (with some notable exceptions) were generally more favourable to programmes than the more recent results. This could be the result of applying more stringent evaluation methods. However, it may have come about in part because of changes in the client groups or in the type or scale of programme

being offered, or from changes in economic conditions during the 1990s. The background to evaluations is particularly hard to assess because of lack of information in the reports or papers, which generally assume knowledge of the national context at the time. We do however make use of background information where available.

3. Benchmarking results for NDYP's main components

3.A. Wage Subsidy Programmes

In this section (and in the following sections), we first present the benchmarking results for West European countries, and subsequently present the results for the USA. The conclusions from the benchmarking, across both Europe and the USA, are given at the end of the section.

3.A.1 Wage subsidy benchmarks from Europe

Table A1 summarises the studies where wages subsidies have been evaluated in the literature selected for review. The experience of each available country is briefly described, followed by thematic discussion of subsidised employment. The studies considered cover the countries of Belgium, Ireland, Denmark, France, East Germany, Sweden and Switzerland.

Table A1: Outline of European evaluations of Wage Subsidies and Outcomes

Author	Programme period/data	Wage subsidy employment outcome
Cockx et al. (1996)	Belgium 1991-93	+ if combined with training
Rosholm (1998)	Denmark 1983-90**	n.s priv.sector males 16-24y, n.s. females 16-24y
Bonnal et al (1994)	France **1986-88	Used in most programmes, not separately evaluated
Eichler & Lechner (1998)	East Germany (Sachsen-Anhalt) 1991-97	+emp (neg unemp) at 1yr ; excl. < 22y
Breen (1991)	Ireland ** 1982-88	Used in temporary employment programmes, not separately evaluated
O'Connell & McGinnity (1997)	Ireland 1992**	+ emp +earnings/wage
Harkman & Johansen (2000)	Sweden 1996	+ / n.s. (emp) at 1yr TR
Larsson (2000)	Sweden **1991-97	+ YP v. LMT at 1yr (emp & earnings)
Gerfin & Lechner (2000)	Switzerland 1997-98	+ emp, (excl.<25yr & U>12 mths)
Lalive et al (2000)	Switzerland 1997-99	+ females emp. transition n.s. males

n.s=not statistically significant

+ = positive, emp=employment U=unemployment

In Europe, positive effects were generally obtained from programmes that incorporated wage subsidies, as shown in Table A1. This was also the case for NDYP. Sometimes the effect of the wage subsidies was not separately evaluated, such as in Ireland (Breen, 1991) and France (Bonnal et al., 1994), because they were incorporated into other kinds of programmes. In these cases, although the studies are noted in the initial table they are not further discussed.

A Belgian study (Cockx et al., 1996, 1998), used a survey of employers and should be considered separately to the other studies because of this unusual sampling design. The results however were interesting. A combination of training with subsidy was found to be more effective than training on its own or subsidy on its own. The study compared the stability of employment for recruits coming from public training programmes, those coming with a pure wage subsidy, and those coming with a subsidy linked to an obligation for the employer to provide further training. It was found that the greatest gain in employment stability, by comparison with non-participants, was for those who were recruited under a wage subsidy coupled with an in-house training requirement.

Most European evaluations of wage subsidy programmes have used the employment rate, or entry to employment, as the outcome, and the impact of the programmes has generally been shown to be positive. There has also been some indication of a positive impact on the wages of young people, in the cases where attempts have been made to assess that. The studies selected for closer attention are shown in Table A2.

In Ireland, a youth analysis found both positive employment and average earnings impacts for the “Employment Subsidy Scheme” of wage subsidies to employers in 1992 (O’Connell and McGinnity, 1997), at 3 months and later at 18 months. Some limitations of the analysis⁵, and incomplete description of the programme, mean that these outcomes should be regarded as suggestive only.

In Denmark, Rosholm (1998) presented results on the “ATB” or Job Offer in the private sector, a nine month wage subsidy to employers, which was compared to a seven month temporary placement in the public sector, operating over the period 1983-1990. The private sector impact estimates for youths aged 16-24 years were not statistically significant. This was the only study of wage subsidy within this group of studies not to produce a positive employment effect. Restrictions on the data resulted in those staying on in the workplace⁶ not being fully accounted for, and this reduces comparability with other results.

Positive results for wage subsidies were found in Switzerland (Gerfin and Lechner (2000)) and the region of Sachsen-Anhalt, East Germany (Eichler and Lechner (1998)). The value of these findings for comparison to NDYP is reduced by the exclusion of youths to a great extent, with those less than 22 years removed from analysis in East

⁵ The time period for assessing outcomes appears to differ somewhat between participants and non-participants, and some variables used in the control function may be endogenous.

⁶ 60 per cent stay on in the workplace, Rosholm (1998: 132).

Germany, and those less than 25 years in Switzerland. On the other hand, both these analyses used somewhat similar methods to the NDYP evaluations. Also, the wage subsidy programmes in these countries were part of wide ranging options for the unemployed, in similar fashion to NDYP. Since differences in programme impacts are (where comparable) often small between different age groups in Europe, we decided to retain these studies within the set of benchmarks for NDYP.

Table A2 Description of selected European evaluations of Wage Subsidies and employment Outcomes

(Countries with no comparable employment estimate omitted)

Programme period	Programme description	Wage subsidy employment outcome	Impact on employment rate percentage points	Author
Denmark 1983-90**	ATB Job Offer in private sector, for 9 mths subsidy to employer of 42DKR/hour	n.s priv.sector males 16-24y, females 16-24y	.n.s	Rosholm (1998)
East Germany (Sachsen-Anhaelt) 1991-97	PEP (arbeitsbeschaffungsmaßnahmen), emp. contract with a 'program supporting employer', with 50-75% (90% max) of wage paid.	+emp (neg unemp) at 1yr ; excl. < 22y	14 all 17 females 14 males	Eichler & Lechner (1998)
Ireland 1992**	Employment Subsidy Scheme	+ emp at 3 mths, 18mths +earnings/wage	19	O'Connell & McGinnity (1997)
Sweden **1991-97	Youth Practice, in public/private sector with an allowance of 338 SEK (239SEK for younger) , below the market wage rate	+ YP v. LMT at 1yr (emp)	6	Larsson (2000)
Switzerland 1997-98	"intermittent pay" temporary employment with wage subsidy in a regular job of "replacement ratio of difference in earnings in temp. job and previous job"	+ emp, at 1 yr (excl.<25yr & U>12 mths) composite	9	Gerfin & Lechner (2000)

n.s=not statistically significant

+ = positive, emp=employment, U=unemployment

In Sachsen-Anhalt, the 'PEP' operated between 1991-97, with a wage subsidy to employers who supported the programme of 50-75 per cent of the wage for contracting

an unemployed person. Relative to non-participants, an overall increase was found of 14 percentage points in employment at one year after participation; this was slightly higher for women at 17 percentage points.

In Switzerland, “Intermittent Pay” between 1997-98 operated as a wages subsidy for temporary employment in a market job. The subsidy was calculated on an individual basis, relative to unemployment insurance, as a replacement ratio of the difference in earnings in the temporary job and the person’s previous job⁷. The results show a positive impact on employment for the wage subsidy. Relative to non-participants, this impact is 5.8 percentage points, while relative to all alternatives including a range of other initiatives such as training, the composite effect is 9.0 percentage points in employment. The lower gains may, amongst other things, reflect that the evaluation period spanned by the Swiss data was shorter than that in Sachsen-Anhalt.

3.A.2. Wage Subsidy Case Analysis: Sweden

The most comparable evaluation to NDYP occurred in Sweden, and this is discussed in somewhat more detail.

The “Youth Practice” wages subsidy applied in Sweden from 1992 to 1995 after which it was replaced with other programmes, and was evaluated by Larsson (2000) with administrative data (AMS) covering 1991-97. Youth Practice was targeted at youth and provided participants with an allowance below the market wage rate. Initially, the wage subsidy was 100 per cent with employers making no payment, but from 1994 employers made a small contribution⁸. The allowance to participants was identical to that received for participating in Labour Market Training, a Classroom Vocational Training scheme which is evaluated alongside Youth Practice and non-participation. The period of subsidy was designed as six months, but extendable to 12 months, with 147 days (i.e, less than six months) the average wage subsidy period in practice. Youth Practice was not solely a wage subsidy, as the public sector could take part as well as private firms, but this was not accounted for in evaluation and the extent of public sector involvement was not stated. As in the evaluation of NDYP, the method used for evaluation was multi-treatment matching. Analysis covered youths aged 20-24 years⁹, and outcomes were assessed at both 1 and 2 years after participation.

Youth Practice performed in a positive manner on employment outcomes one year after participation, relative to Labour Market Training, with a 6 percentage points gain, but the difference had become not statistically different at two years.

Although successful relative to the training programme, Youth Practice was not effective relative to those who continued as unemployed jobseekers, whose employment outcomes

⁷ It is not clear how the calculation is made for those with no previous job, and thus no unemployment insurance, which might affect youths more often.

⁸ A contribution of 1000 Swedish Kroner a month

⁹ Youth Practice was available to all youths, but LMT was only available from 20 years, so the analysis takes this age bound for comparison.

were higher by 7 percentage points. This may perhaps be explained by the role of benefit expiry in Sweden. Benefits expire at the fixed limit of 30 or 60 weeks (depending on benefit status) for those who continue as unemployed jobseekers, so that the group of non-participants in ALMPs is likely to be different from a country like Britain where benefits have no time limit. Non-participation in Sweden implies imminent loss of benefits, and this risk may be taken particularly by those who believe that a job is easily available for them. The Swedish results comparing wage subsidy with training were somewhat similar to those for the analogous comparison in Switzerland (see above).

3.A.3 Further background for interpretation

In interpreting the foregoing results it is useful to consider some potentially important ways in which the different countries' programmes differed from one another.

The available information about the length of wages subsidy is shown in Table A3, for the European countries and programmes considered. No clear pattern is apparent relating length of subsidy to employment outcomes, although the range considered is not very great, with East Germany offering the longest periods of subsidy, usually over a year.

Table A4 gives some slight indication that large scale programmes for wage subsidy in Europe were associated with more positive outcomes. The eligibility criteria for wage subsidies are considered in Table A5, which for most countries were based on a set period of unemployment before entry. Once again, there is not a wide range, and East Germany has the broadest inclusion policy, with ALMP's accessible to all unemployed or *at risk of being unemployed*.

The scale and eligibility of NDYP and the Youth Practice of Sweden were very similar, underscoring our selection of this example as the nearest benchmarking case.

Table A3. Europe: Indications of impacts from the length of wage subsidy
(excluding Britain)
(Countries with no indication of length omitted)

Programme period	Length of wage subsidy	Wage subsidy: impact summary
Denmark 1983-90	9 months private sector	n.s.males, n.s.females 16-24 years
East Germany 1993	15months average	+ (excludes <22years)
Switzerland 1997-99	5 months	+ females, n.s. males
Sweden 91-97	6-12 months (YP)	+

Table A4 Europe: Indications of the scale or targeting of wage subsidy programme (excluding Britain)

(Countries with no indication of scale/targeting omitted)

	Scale of programme coverage
Belgium 1991-93	Small (+)
Denmark 1983-90	General (-)
East Germany, Sachsen-Anhalt 1991-97, 1990-98	Large (+) (but 1 region only analysed)
Sweden 1991-97	Large (+)
Switzerland 1997-98	General(+)

(+) outcome significantly positive. (-) outcome generally non-significant. (?) outcomes mixed or variable.

Table A5 Europe: Programme eligibility for Wage Subsidy

(Countries with no indication of eligibility omitted)

	Wage subsidy
Denmark 1983-90	U 5 of last 8 mths (-); mandatory at 30mths U or benefits loss
East Germany, Sachsen-Anhalt 1991-97	Any U or 'at risk of U', but some priority to LTU (+)
Sweden 1991-97	4 mths U, but variable; 'Voluntary', but benefits loss at 30wks U , 60 wks U if insured(+)
Switzerland 1997-98	Compulsory at 7mths U(+) or benefits loss, benefits expiry at 24 mths

U=unemployed

3.A.4. Wage subsidy benchmarks from the USA

Before summarising the European benchmarking results, we turn to the USA. The existing evidence concerning wage subsidy programmes in the USA has been reviewed by Katz (1996; 1998). Much of the evaluation work on this subject has concerned the take-up rates among employers, the general conclusion being that they are low (also reviewed in Auspos et al., 1999). There is however a dearth of information about the employment impacts of wage subsidies in the USA for young people specifically. The only relevant evidence is from Katz (*ibid.*), who retrospectively evaluated the employment impact of the Targeted Jobs Tax Credit for those aged 23-24, as operating in the late 1980s. The method (a type of difference-in-differences design) compared relative employment rates before and after withdrawal of the employer tax credit for disadvantaged young people in this age band at the end of 1988, and used the two years

before and the two years after as the comparison periods. The result of the evaluation, which was positive, is summarised in Table A6. The employment impact was 3.4 percentage points.

Table A6 US non-experimental (difference-in-differences) evaluation of wage subsidy programme for disadvantaged young people

Name	Dates	Description	Employment (pp ; %)
Targeted Jobs Tax Credit (Katz, 1996)	before, 87-88 after, 89-90	Tax credit of 40% in first year for first \$6000 of earnings	3.4 ; 7.7

Katz (1996) also estimated the cost of the programme as \$1500 (1991 values) per recipient, since the average employment period for young workers recruited under the tax credit was six months. Since the employment rate for the group after withdrawal of the tax credit remained around 50 per cent, deadweight was high.

3.A.5. Benchmarking conclusions on Wage Subsidy programmes

In our judgement, the most relevant and reliable benchmarks in Europe are the wage subsidy programmes evaluated in recent years in Sweden, Switzerland and East Germany (Sachsen-Anhalt). The range of estimated impacts on the employment rate from these evaluations was 6-14 percentage points. (This however excludes, for reasons given earlier, the Swedish result comparing wage subsidy participants with those participating in no programmes.)

If results from Denmark and Ireland were also included, the range of impacts would be extended to 0-19 percentage points, however we regard the results from these two countries as less comparable.

The only relevant evaluation in the USA produced an impact at the low end of the European range, at 3.4 percentage points.

The gain in employment for those in the NDYP wage subsidy Option was 10 percentage points of additional employment, relative to remaining as a job seeker in the 'extended Gateway'. There were larger gains in employment relative to other Options in NDYP. Thus, the wage subsidy Option in NDYP appears to be at or near the top of the range of selected benchmarking results for this type of programme.

With respect to the Swedish benchmark, which appears the most closely comparable, we should focus on the comparison between wage subsidy and training. Here NDYP achieved a considerably higher employment gain, 24 percentage points as against 6 percentage points in Sweden. However this difference may reflect client group

differences, and/or economic contextual factors, which it is not possible to take into account in informal comparisons of this type.

3. B. Job Creation Programmes (Temporary public sector employment programmes / community projects)

As in the previous section, we here first present the benchmarking results for Europe, and then those for the USA. Conclusions about the relative effectiveness of NDYP with respect to Job Creation benchmarks are presented at the end of the section.

3.B.1 Job Creation benchmarks from Europe

The studies where Job Creation, also known as community projects or temporary public sector employment, have been evaluated in Europe are shown in Table B1.

Table B1 Outline of European evaluations of Job Creation and Outcomes

		Job Creation employment outcome
Rosholm (1998)	Denmark 1983-90**	NEG Public sector
Bonnal et al (1994)	France **1986-88	+ for some groups (male only evaluated)
Brodaty et al. (1999)	France 1986-88	NEG/n.s. Public sector
Bergemann et al (2000)	East Germany (Sachsen-Anhalt) 1990-98	1990 start=NEG 1992, 1994 start n.s. at 2 yr, 3 yr
Breen (1991)	Ireland ** 1982-88	+ impact
O'Connell & McGinnity (1997)	Ireland 1992	+ impact at 2 months from exit n.s. at 18 months from exit
Ackum (1991)	Sweden 1981-1985	No clear impact
Gerfin & Lechner (2000)	Switzerland 1997-98	- emp

In addition to the evaluations shown in Table B1, there has been a recent evaluation relating to Belgium by Cockx and Ridder (2001). It has not been included here as this was a job creation programme applied to welfare recipients, and this group is not comparable to participants in NDYP. The evaluation concluded that the programme had no positive impact on exits from welfare assistance in Belgium. This is not dissimilar to the results in the other countries which we will now review.

Generally, negative employment effects were more common in Europe for Job Creation programmes. Positive results were confined to the earlier analysis in France (Bonnal et al 1994) and to two evaluations in Ireland.

The Swedish study by Ackum (1991) found that time spent in temporary public relief jobs, usually with local government, resulted in no increase in *earnings* relative to time spent unemployed. The study was confined to Stockholm.

The Irish evaluation by Breen (1991) considered the period 1982-88, and covered both training programmes and 'temporary employment'. The temporary employment label covered a variety of special programmes in the public and private sectors some of which involved wage subsidies. The initial gain in employment was 23 percentage points, and one year later this was virtually unchanged. On this basis, temporary employment schemes 1982-88 in Ireland appear to have been rather effective, but it is unclear how far this was attributable to the private sector and/or the wage subsidy element, since these were not separated in the analysis. A later study, O'Connell and McGinnity (1997) examined Irish data for the Direct Employment programme of 1992. They found a positive employment impact of 18 percentage points 2 months after ending participation in Direct Employment, but after 18 months there was no employment impact.

The ATB job offer in the public sector, carried out in Denmark 1983-1990, acted as a job creation programme. The employer was heavily subsidised for giving participants a 7 months temporary job. Rosholm (1998) found that this Job Creation programme had a negative impact on the employment transition of participants. For young men aged 16-24 years, after taking part in ATB employment fell by 34 percentage points, while for young women employment fell by 18 percentage points. Because of data limitations previously mentioned in the Wage Subsidy section, this evaluation is not easily comparable with the other studies presented.

The ABM in East Germany was evaluated for the region Sachsen-Anhalt by Bergemann et al (2000). Under the ABM, temporary community work lasting between 12-36 months, usually with municipalities, was given a wage subsidy of up to 80 per cent by the federal government. In most cases, the temporary work lasted 12 months. Bergemann et al (2000) used a combination of difference-in-differences with matching as the evaluation method. They found that in Sachsen-Anhalt, for up to three years after taking part in an ABM, employment was lower than if participants had remained unemployed. They note they despite this negative effect, the impact improves over time, so there could be some longer term benefit not covered by the evaluation timespan.

Table B2 Description of selected European evaluations of Temporary job and employment Outcomes

(Countries with no comparable employment estimate omitted)

Programme period	Programme description	Job Creation employment outcome	employment rate estimate	Author
Denmark 1983-90**	ATB Job Offer in public sector, for 7 mths subsidy to employer of 80 DKR/hour	NEG males 16-24y, females 16-24y	-0.34 -0.18	Rosholm (1998)
France ** 1986-88	TUC (travaux d'utilité collective) public sector /non-profit/local govt. temporary job /work experience with 100% wage subsidy by national govt of minimum hourly wage part-time (20 hours/week) for 3-12 months	+ for some groups (male only evaluated)		Bonnal et al (1994)
France 1986-88	As above	NEG/n.s. Public sector	-22.8 fulltime job v. TUC -13.6 TUC v. fulltime job n.s. TUC v. training / other prog.	Brodaty et al. (1999)
East Germany (Sachsen-Anhalt) 1990-98	ABM temporary community work with municipalities, with up to 80% wage subsidy by federal govt. for 12-36mths	1990 start=NEG 1992, 1994 start n.s. at 2 yr, 3 yr	-30 at 3 years	Bergemann et al (2000)
Ireland ** 1982-88	Public temporary supported job creation 'environmental work', 'teamwork', in public or private sector, with subsidies	+ impact	+23	Breen (1991)
Ireland 1992	Direct employment	+ impact at 3 mths n.s. at 18 mths	+18 at 3mths n.s. at 18 mths	O'Connell & McGinnity (1997)
Sweden 1981-1985	Temporary public relief jobs (beredskapsarbeten) with local govt.	No clear impact (earnings)		Ackum (1991)
Switzerland 1997-98	Public job creation employment programmes in public or private sector firms	NEG emp public NEG emp private	-7.8 public -8.8 private	Gerfin & Lechner (2000)

n.s.=not statistically significant,+ = positive, emp=employment, U=unemployment

3.B.2 Job Creation in Europe Case Analysis: Switzerland and France

In France, the TUC Job Creation programme in 1986 offered a fully subsidised part-time placement in a non-profit organisation for 3-12 months¹⁰. This programme appears somewhat similar to the Voluntary Sector Option in NDYP. Participants received the minimum legal hourly wage, and placements were for 20 hours per week. Entry was reserved for young people experiencing repeat unemployment or long-term unemployment of more than one year. Bonnal et al (1994) found that relative to non-participants, young men¹¹ without diplomas who entered TUC subsequently had an increased chance of a temporary job, without any deterioration of their probability of getting a permanent job. Brodaty et al. (1999) re-examined the evidence using the matching technique. This more recent analysis found that the employment impact of TUC was negative or zero. However, the comparisons were altered in the later study, so it is not clear whether any difference in conclusions can be attributed to the change in evaluation method or to the comparisons. The new evaluation found that those on TUC had employment outcomes 13.6 percentage points lower than those entering fixed term jobs following a period of unemployment. When TUC was compared to participating in Classroom Vocational Training, there was no significant effect on employment. The authors concluded that taken together with other evidence, Job Creation gave slightly inferior results to Classroom Vocational Training.

In Switzerland, 1997-98, Job Creation programmes could be carried out in public or private firms, usually for six months. In the evaluation by Gerfin and Lechner (2000), public sector jobs under this programme were observed to last on average 153 days, while in the private sector they lasted 142 days. Job search had to be continued during participation, and any job offer accepted. Using a multi-treatment matching method, the researchers found the employment of participants in Job Creation, when compared to non-participation in any programme, was lower by 6.6 percentage points if the placement had been in the public sector, and lower by 7.9 percentage points if in a private firm. These estimates rose slightly, to 7.8 and 8.8 percentage points respectively, when a composite comparison was made across all other routes. Relative to the Wage Subsidy programme, discussed in part A of the benchmarking results, Job Creation in the public sector gave employment 15.1 percentage points lower, and if in the private sector 22.6 percentage points lower. Job Creation was also either less effective, or not different from, training programmes, depending on the specific type of training. Overall, Job Creation in Switzerland appeared to be the least effective of the programmes evaluated., from the viewpoint of subsequent employment.

3.B.3 Further background for interpretation

¹⁰ The maximum period was increased to 24 months in 1987. Prior to that there was a possibility of renewal of the placement, although with reduced subsidy to the employer.

¹¹ Only men were analysed

For the Job Creation programmes in European countries dealt with here, Tables B2 and B4 present the available information regarding the length of placement and programme eligibility. For the range presented, there is no indication that length of the temporary job is clearly related to the employment impact. There is also no distinct pattern for programme eligibility and the employment effects of Job Creation.

The scale of the Job Creation programmes amongst European countries, as shown in Table B3, seems generally to be large. The tendency for such programmes to be large-scale could be one reason why they have in most cases failed to have a positive employment impact. In the case of Ireland 1982-88, the smaller scale of Job Creation was associated with an estimated positive and lasting effect on employment. By 1992 it appears that Irish programmes were less effective, but unfortunately we have found no information on the scale of these programmes at the later date. There is also a question as to differences in methods of evaluation. It is notable that the re-analysis in France of data from the same period produced less favourable results than the initial analysis.

Table B3 Europe: Indications of impacts from the length of job creation
(excluding Britain) (Countries with no indication of length omitted)

Programme period	Length of job creation	Job creation: impact summary
Denmark 1983-90	7 months private sector	NEG.males, NEG.females 16-24 years
France **1986-88	Part time 3-12 months	NEG/n.s.
East Germany (Sachsen-Anhalt) 1990-98	12-36 months	NEG/n.s.
Switzerland 1997-98	Average 153 days public Average 142 days private	NEG public NEG private

Table B4 Europe: Indications of the scale or targeting of job creation programme
(excluding Britain)(Countries with no indication of scale/targeting omitted)

Programme period	Scale of programme coverage (employment outcome)
Denmark 1983-90**	General (-)
France **1986-88	Large (-)
East Germany (Sachsen-Anhalt) 1990-98	Large (-)
Ireland **1982-88	Medium (+)
Sweden 1981-1985	Very large
Switzerland 1997-98	General (-)

(+) outcome significantly positive. (-) outcome generally non-significant. (?) outcomes mixed or variable.

Table B5 Europe: Programme eligibility for Job Creation
(Countries with no indication of eligibility omitted)

	Job Creation eligibility requirements
Denmark 1983-90	U 5 of last 8 mths (-); mandatory at 30mths U or benefits loss
France **1986-88	'Long term unemployed' (repeat unemployment or >12mths)
East Germany, Sachsen-Anhalt 1991-97	Any U or 'at risk of U', but some priority to LTU (+)
Sweden 1991-97	4 mths U, but variable; 'Voluntary', but benefits loss at 30wks U, 60 wks U if insured(+)
Switzerland 1997-98	Compulsory at 7mths U(+) or benefits loss, benefits expiry at 24 mths

U=unemployed

3.B.4. Job Creation in the USA

For US evidence, we draw upon the earlier review by Auspos et al. (1999). These types of programmes are usually referred to in the USA as work experience. A number of such programmes have been run there, but there have been only two experimental evaluations. Furthermore the more recent one, relating to the Youth Corps programme, which was evaluated in the 1990s, measured outcomes in such a way as to include the time spent on the programme, and reported no separate results for the period after leaving the programme. This makes the evaluation unusable for comparative purposes. Thus only one evaluation remains to be added to the European experience.

The National Supported Work demonstration programme ran from 1975 to 1981. It provided supervised paid community work, for a period typically of 12 months, for various groups with severe difficulties, including 17-20 year olds who had dropped out of

school or had problems with drugs or offending. It was the first to be evaluated in the USA by means of an experimental design. There was a follow-up period of 36 months.

The results for young people showed that the programme had no overall effect on raising employment rates relative to the volunteers who were randomly assigned to the control group (there was also no impact on a range of other outcomes considered). Although the participants did improve their employment rates after the programme relative to before, so too did the control group members.

3.B.5 Benchmarking conclusions on Job Creation programmes

The most pertinent evaluations on which to base comparison of NDYP with European Job Creation programmes in our view are those of Switzerland 1997-98, and East Germany (Sachsen-Anhalt) 1990-98; the reanalysis of the 1986-88 data from France by Brodaty et al. (1999) is also relevant since although it refers to a less recent period, it directly relates to young unemployed people. Using these studies, the estimated impacts on the employment rate from public sector job creation schemes are negative and range from -30 to -6.6 percentage points.

However the Irish results for Job Creation stand out in contrast, with positive employment outcomes of 18 to 23 percentage points. It is not possible to discern whether this was because the operation of their Job Creation schemes was dramatically different, or because the evaluation methods differed, or because of the smaller scale of the programme. If Irish results were included, then the range of employment outcomes in Europe would broaden to -30 to +23 percentage points.

The sole US evaluation which is relevant to young disadvantaged people returned an employment impact of zero, which lies at the top of the European range if Ireland is excluded.

The NDYP evaluation suggested that there was no significant difference between the employment outcomes for its Job Creation programmes (the Voluntary Sector and Environment Task Force Options) on the one hand, and continuing job search (in the form of 'extended Gateway') on the other. Accordingly, these NDYP Options have done as well as or better than the most comparable European counterparts, and as well as the main US comparator.

The evidence as a whole indicates that Job Creation programmes generally tend to produce no direct economic benefits, such as increases in employment. Their justification is likely to depend on arguments concerning equity and the reduction of social exclusion, rather than on economic efficiency (see Bonjour et al., 2001).

3.C. Classroom Vocational Training

Classroom Vocational Training has been one of the most widely used types of active labour market programme in both Europe and the USA. In this section, as usual, we first present the European benchmarking results, then the US results, and then our overall conclusions.

3.C.1 Classroom Vocational Training benchmarks from Europe

The selected studies where Classroom Vocational Training have been assessed in Europe are shown in Table C1. Some of these studies have a low degree of comparability with NDYP but have been included because they provide some points of interest. These studies will be considered first before moving on to the studies of greater relevance for benchmarking NDYP.

The main evaluation study in Austria (Zweimüller and Winter-Ebmer, 1996) showed that training had positive effects on employment *stability*, and for those aged 26-32 the effect of the training in reducing the subsequent risk of job loss was greater than for other ages. While this increased effect for the younger people is relevant to NDYP, no comparable outcome measure is available from the NDYP evaluations. In addition, the study makes it clear that Austrian training programmes were sharply focused on a small minority with the most serious disadvantages. This makes the study less comparable with NDYP, where the eligible group is quite wide.

Several interesting evaluations of benefits from short-period training have been carried out in Norway, but these contain various complications which make them hard to compare with NDYP. The study of youth labour markets by Hernaes and Raaum (1996) generated estimates of the time taken to enter a job. *Time-to-a-job* was substantially longer for participants of Classroom Vocational Training than for those who did not take part, and this was the more so for people aged 20-24. However, the time spent on programmes was included in time to enter a job, whereas most other studies (including the NDYP evaluation) have measured job entry time from the point where the individual leaves the programme. An earlier study by Torp (1994) indicated that training could have a positive effect on employment in the next year, but also indicated that in practice this applied only for a minority of courses that had a duration well below or well above the average, with typical courses of 10-20 weeks having no effect or even a somewhat negative effect. A third Norwegian study, that of Raaum and Torp (1996), compared training participants with applicants of the same period who were unsuccessful in gaining a place. There were some gains in *earnings* for the participants, but the estimates were imprecise.

Table C1 Outline of European evaluations of Classroom Vocational Training and Outcomes

Author	Programme period/data	Training / education
Zweimuller et.al (1996)	Austria *1986	+ emp stability (job>1yr)
Cockx et al. (1996)	Belgium 1991-93	+ emp stability if combined with subsidy, n.s. classroom training only
Jensen et al. (1993)	Denmark 1976-86	+ emp for >=5 mths unemp only
Bonnal et al (1994)	France **1986-88	generally +(less unemployment) (male only evaluated) but different programmes help different groups
Brodaty et al. (1999)	France 1986-88	Neg/n.s.
Lechner (1996, 1999)	East Germany 1991-93	Neg/n.s emp (small study in E. Germany only), yths not separate
Kraus et al. (1997)	East Germany 1989-94	+ at period 2 (stable emp), but for men only if training is off the job
Fitzenberger & Prey (2000)	East Germany 1990-94	n.s. emp, wages n.s. , yths not separate
Bergemann et al (2000)	East Germany (Sachsen-Anhalt) 1990-98	1990 start=NEG at 2 yr, 3 yr 1992, 1994 start n.s. at 2 yr, 3 yr
Breen (1991)	Ireland ** 1982-88	+ impact
O'Connell & McGinnity (1997)	Ireland 1992**	+ emp +earnings/wage
Raum & Torp (1996), Hernaes and Raalum (1996), Torp (1994)	Norway *1991-93	Impacts weak or doubtful
Ackum (1991)	Sweden 1981-1985	No clear impact
Regner (1997)	Sweden 1989-91**	No clear impact
Harkman et al (1996)	Sweden 1993	NEG or n.s. (earnings) + at 30mths (emp) n.s. earnings
Larsson (2000)	Sweden **1991-97	NEG.LMT v.not participating at 1yr (emp & earnings)
Gerfin & Lechner (2000)	Switzerland 1997-98	+ or n.s. Mixed, depending on course type
Lalive et al (2000)	Switzerland 1997-99	+ or n.s. Mixed, depending on course type

For Ireland, the analysis by Breen (1991), also referred to in the Job Creation section, assessed the employment impacts of Classroom Vocational Training and found positive effects on employment after training between 1982-88. The short-term employment impact of training programmes in Ireland was a gain of about 17 percentage points, but this had become insignificantly different from zero one year later. O'Connell and McGinnity (1997), also referred to in the Wage Subsidy section, evaluated Irish

Classroom Vocational Training programmes of 1992, and they also found positive impacts on employment. 'General training' gave a gain of 14 percentage points in short term employment, but this fell to zero in the long term, while 'specific skills training' gave a greater gain of 32 percentage points for short term employment, falling to 14 percentage points for the long term. However, these studies used methods of analysis different from those in the NDYP and other recent evaluations: on the assumption that results are sensitive to choice of method, this makes them less useful for comparison.

Jensen et al. (1993) examined the Danish AMU training schemes of the 1976-86 period, when they were generally of short duration (typically, 2-4 weeks) and open to employed and unemployed people equally. Those with low levels of prior unemployment did not benefit significantly from training in terms of employment, and in the case of women their subsequent employment rates even declined somewhat. However, those with substantial amounts of unemployment made small gains in subsequent employment. Those who had spent 5 months or more of the previous year unemployed, and took part in training, improved their employment rate by 3 percentage points in the case of men and by 9 percentage points in the case of women. Once again, it is not clear how robust these results, which were estimated by panel methods, might be to alternative methods of estimation.

For Belgium, the most recent evidence that is relevant comes from a study by Cockx and Bardoulat (1999) which relates to the region of Wallonia during 1989-93. This study focuses, for its outcome measures, on the transition rates out of unemployment, and this makes its findings hard to compare quantitatively with those of NDYP. The findings indicate that although the transition rate out of unemployment was reduced for participants during the period of training, it became higher than for non-participants after the training was completed. Moreover, the post-programme effect was rather strong.

The French evaluation which has been referred to in previous sections (Bonnal et al., 1994) distinguished between three main types of training programme provided between 1986-88: longer-term training contracts (mostly around 1-2 years); SIVP (a special form of contract, lasting 3-6 months, and involving formal training as well as on-the-job training); and 'other training courses' for wholly unqualified youth, lasting 6-9 months and requiring part-time attendance at a training centre. The analysis was confined to young men and was conducted separately for those with and those without a prior vocational qualification. The outcome measures concerned transition rates between various states in the labour market. For young men without vocational qualification, the most comparable group to NDYP participants, it was found that all forms of training programme increased the chances of moving to a job on a permanent contract, with long-period training most effective, SIVP second, and other training third.

Brodsky et al. (1999) re-examined the data, using matching methods (see also the section on Job Creation). This re-analysis found no statistically significant employment effect for training when compared to taking part in other programmes. Those who went on SIVP were also no worse off, in terms of subsequent employment, than if they had entered a fixed-term temporary market job, but those who went on 'other training courses'

would have gained by 14 percentage points. The results for 'other training courses' were symmetrical, as those who entered a fixed term job would have been 14 percentage points worse off if they had gone on one of these courses instead. They would have lost equally, however, by going on SIVP. Taking all the findings into account, the authors concluded that on balance Classroom Vocational Training performed slightly better than Job Creation and also slightly better than 'other training courses'.

Training programmes in East Germany since re-unification have been the focus of numerous evaluations. Kraus et al. (1999) considered, for the period 1989-1994, two types of Classroom Vocational Training, continuous training to increase skills, lasting 3-8 months, and re-training for a new occupation for up to 24 months. Private firms provided the training, which was publicly funded. Although no numerical estimates of the impact on employment are presented, graphical results indicate that for both men and women, taking part in training initially has a negative effect on 'stable' employment, but had positive effects later. The analysis method and outcomes make this study difficult to compare to NDYP.

Lechner (1996, 1999) investigated classroom training in occupational skills, in East Germany 1991-93. Using the matching method, he found that Classroom Vocational Training had a negative impact on employment rates, but improving over time: at three months -21.5 percentage points, -17.7 percentage points at 6 months, and -14.5 percentage points at 9 months (probably most comparable to NDYP). Later observations up to 3 years still showed no positive impact on employment. The author ascribes some of the poor results to the small number of observations on which the analysis is based, and also refers to the low quality of the training in light of the lack of East German training infrastructure between 1991-1993.

Fitzenberger and Prey (2000) examined East German classroom training, over the period 1990-94, using the method of difference-in-differences. For both employment and wages outcomes after Classroom Vocational Training, they found no significant effect. Bergemann et al. (2000) focused on the region Sachsen-Anhalt during 1990-98. The matching method was used, and a negative effect on employment was found to continue for up to 3 years after undertaking the training programme. These authors pointed out that immediately after Classroom Vocational Training, employment was 40 percentage points lower but improved over time, to 15 percentage points lower after 3 years. It is inferred that a still longer period of observation might be required before the benefits of training became evident in employment effects.

In Switzerland, two recent evaluations have considered Classroom Vocational Training. Lalive et al. (2000) divided the training in Switzerland 1997-98 into four types – basic courses, language courses, computer courses and other courses. The estimates were based on analysis of transition rates to employment. Mostly, no significant employment effect was found for men, and for women only the 'computer courses' gave a positive effect, with the courses beginning to show a net employment gain within six months of completion.

Table C2 Description of selected European evaluations of Classroom Vocational Training and employment Outcomes

(Countries with no comparable employment estimate omitted)

Programme period	Programme description	Classroom Vocational Training outcome	employment rate estimate	Author
Denmark 1976-86	AMU courses 2-4 wks, open unemployed and employed	+ emp for >=5 mths unemp only	5 all 3 males 9 females	Jensen et al. (1993)
France **1986-88	1. longer-term training contracts (of three types, from 6 months to 3 years but most around 1 or 2 years); 2. SIVP (contract, 3-6 months, formal training as a form of subsidised on-the-job training; 3. other training for wholly unqualified youth, 6-9 months part-time attendance at a training centre.	Neg/n.s.	-14.3 SIVP v. fulltime job -14.5 other training v. fulltime job <i>n.s.</i> SIVP v. other training or v. job creation	Brodaty et al. (1999)
East Germany 1991-93	CTRT public continuous Classroom Vocational Training and retraining	Neg/ns	-21.5 at 3mths -14.5 at 9 mths <i>n.s.</i> at 12 mths <i>n.s.</i> at 36 mths	Lechner (1996)
East Germany 1990-94	CTRT public continuous Classroom Vocational Training and retraining	<i>n.s.</i> emp, wages, yths not separate	<i>n.s.</i>	Fitzenberger & Prey (2000)
East Germany (Sachsen-Anhalt) 1990-98	CTRT publicly funded continuous Classroom Vocational Training (3-8 months), and retraining (up to 24 mths) by private training firms	1990 start=NEG at 2 yr, 3 yr 1992, 1994 start <i>n.s.</i> at 2 yr, 3 yr	-40 at 0-1mth -15 at 36 mths	Bergemann et al (2000)
Ireland ** 1982-88	Classroom Vocational Training	+ impact	17	Breen (1991)
Ireland 1992**	General classroom training, specific vocational skills training	+ emp	16 general (0 longterm) 32 specific (14 long term)	O'Connell & McGinnity (1997)

table continued

Table C2 continued

Programme period	Programme description	Classroom Vocational Training outcome	employment rate estimate	Author
Sweden 1993	Classroom training in occupational skills	+ at 30mths (emp)	6 at 6 mths 8 at 30 mths	Harkman et al (1996)
Sweden **1991-97	338 SEK per day allowance for labour market training, minimum age 20, job search requirement	NEG.LMT v.not participating at 1yr (emp & earnings)	-10 at 1 yr v. not taking part <i>n.s.</i> at 2 yr	Larsson (2000)
Switzerland 1997-99	<ol style="list-style-type: none"> 1. Basic courses in job search (2-3 weeks) 2. language courses (2 mths) 3. computer courses (3-4 wks) 4. other specific vocational courses (2-3 mths) \$ 	+ or <i>n.s.</i> Mixed, depending on course type	<i>n.s.</i> basic <i>n.s.</i> language 25 (males) 45 (females) computers 29 (males) <i>n.s.</i> (females) other	Lalive et al (2000)
Switzerland 1997-98	<ol style="list-style-type: none"> 1. basic courses 46 days \$ 2. language courses 71 days 3. computer courses 36 days 4. further specific vocational training 74 days 5. other training 94 days 	+ or <i>n.s.</i> Mixed, depending on course type	-8.8 -9.7 -2.8 1.1 0.7	Gerfin & Lechner (2000)

n.s.=not statistically significant

+ = positive, emp=employment, U=unemployment

\$ average observed duration

Gerfin and Lechner (2000) also gave separate estimates for different types of training in Switzerland. This analysis excludes youths, although as earlier noted both the overall structure of Swiss labour market programmes, and the evaluation method used by these authors, are rather comparable with NDYP. The pattern of employment effects varied according to the type of course. Relative to not participating in any programme, the training courses either had negative outcomes (-10.5 percentage points for basic courses, -8.7 percentage points for language courses, -4.8 percentage points for computer courses) or had no effect (vocational courses and 'other courses'). Averaged over all other routes, the different types of training had a similar ranking but had somewhat less adverse outcomes. This was largely because several of the types of training, notably vocational courses and 'other courses', had better outcomes than Job Creation programmes. Overall, vocational training was relatively speaking the most effective form of training.

3.C.2. Classroom Vocational Training Case Analysis: Sweden 1991-1997

For the nearest comparison to NDYP, we turn as in the section on Wage Subsidies to Sweden. Numerous evaluations are available concerning Classroom Vocational Training in Sweden. Ackum (1991) focused on youth unemployment in Stockholm, as previously mentioned in the section on Job Creation. Time spent in Classroom Vocational Training programmes between 1981-85 was found to have no effect on *earnings* by comparison with being unemployed. Regner (1997) looked at these types of training programme between 1989-91, with separate results for those aged 20-25, and found a negative impact or zero on *annual earnings* up to three years after taking part. However, Harkman et al (1996) found some positive results, examining Classroom Vocational Training at the later date of 1993. For participants in this period, and comparing them with non-participating applicants for training, they estimated a gain in employment of 6 percentage points after 6 months and 8 percentage points at 30 months. This analysis however was not confined to young people.

Further results for Sweden are presented by Larsson (2000), using the matching method employed for NDYP, and these are the most comparable to NDYP because of the more recent period considered and the similarity of evaluation method. Her evaluation covered the period 1991-97 and specifically focused on youth. This study has also been referred to in the Wage Subsidy section. Youths aged 20-24 years experienced a negative effect on their employment after taking part in Classroom Vocational Training of 10 percentage points at one year relative to not participating, and this is the most comparable point with the NDYP evaluation results. (There was no significant difference at two years.) As noted in the section on Wage Subsidies, unemployed non-participants in Sweden may be different from unemployed non-participants in Britain, because of the time-limited nature of benefits in the former country for the non-participants.

Comparison with Wage Subsidies may therefore offer a more reliable benchmark for NDYP. Those taking part in Classroom Vocational Training in Sweden obtained neither more nor less employment than if they had been on the Wage Subsidy programmes. However, this result was not symmetrical: those who were on Wage Subsidy programmes

would have been worse off if they had gone on a training programme. The average effectiveness of Wage Subsidy programmes was therefore somewhat higher.

3.C.3. Further background for interpretation

The evidence for the scale of the programmes and the employment outcomes of Classroom Vocational Training are shown in Table C4. A broad impression is that smaller scale or targeted programmes tend to have positive impacts, such as in Austria, Belgium, Ireland, or the Netherlands. In Denmark, although the scale of the programme was wide, only a sub-group benefited through employment gains, and these were the longer term unemployed. However the smaller scale programmes were also earlier ones, and different labour market conditions or different evaluation methods might provide other explanations of their apparently greater success.

The length or type of training programme is treated in Table C5. The length of time in training does not have any manifest relationship to employment gains.

Several evaluations distinguished between various types or forms of training. These distinctions make comparisons more difficult with NDYP, since the evaluation in the latter case was not disaggregated by course type. The subsequent value for potential employers of participants in training is plausibly related to course content, relevance and quality, and these aspects might not be simply related to the length of training. As yet it does not appear possible to draw any conclusions about the relative effectiveness of different types of training. For example, computer courses had no impact on employment in Sweden, but positive impacts in one Swiss study and negative impacts in another Swiss study. It would be difficult to argue that the title 'computer course' does not encompass a large variety of possible course contents and qualitative differences.

The eligibility requirements of the European Classroom Vocational Training programmes are presented in Table C5, for those countries where this is accessible. Once again, the results are mixed and no clear pattern of relationship emerges between eligibility for Classroom Vocational Training and employment gains.

Table C3 Europe: Indications of the scale or targeting of programmes (excluding Britain) for Training / education for employment outcomes
(Countries with no indication of scale/targeting omitted)

	Scale of programme (outcome)
Austria 1986	Small/targeted (+)
Belgium 1991-93	Small (+)
Denmark 1976-86	Wide (+ only for U>5 mths)
France 1986-88	large, (?) (+ (1994), - (1999))
East Germany 1988 -94, 1990-96, 1990-94, 1989-94 { Sachsen-Anhalt 1991-97, 1990-98 }	Large (-)
Ireland 1982-88	Small (+)
Norway 1991-93	Large (?)
Sweden 1981-1985, 1989-91, 1993, 1996, 1991-97.	Very large (?) (- (1981-1985), (1989-91) + 1993, 1996 -2000)
Switzerland 1997-98, 1997-99	Variety, Large (? depends on course type)

(+) outcome significantly positive. (-) outcome generally non-significant. (?) outcomes mixed or variable.

Table C4. Europe: Indications of impacts from the length of training programmes (excluding Britain)

(Countries with no indication of length of programme omitted)

	Length of training /education	Training / education: impact summary
Belgium 1991-93	6 months	+ emp stability (only with subsidy)
Denmark 1976-86	4 weeks	+ (only for ≥ 5 mths U)
East Germany 1991-93	11-12 months average	-/ n.s.
East Germany 1989-94	7-12mths continuous training 12-24 months retraining	+ if training is off the job
East Germany Sachsen-Anhalt 1990-98	3-8 mths classroom training up to 24 mths retraining	-/n.s (no info. about differences by length)length/type
France 1986-1988	Some 6 months, some 1-2 years	6-month at least as effective as longer programmes (+)
Ireland 1982-88	6 months with wide spread	+ ({1994}no info. about differences by length) n.s. {1999}
Norway 1991-93	4 months with wide spread	Shortest and longest courses more effective than typical length
Sweden 1989-91	14-16 month average in 1989, 20-35 month average 90/91	-/ns. (Earnings)
Sweden 1996	Vocational (classroom): no max Computers: 12 wks On the job training (WI): 6 mths	n.s. n.s. +
Sweden 1991-97	Vocational (classroom): no max	Neg. at 1 yr (emp, earnings)
Switzerland 1997-99	Classroom training 2wks-2mths Basic course Language course Computer course Other specific vocational course	No breakdown by length N.s. n.s. + [11mths male, 1.5 mths female 'breakeven duration'] + for males[>24 mths breakeven duration], n.s. females
Switzerland 1997-98	Basic course average 46 days Language course avg 71 days Computer course avg 36 days Further vocational training 74 days Other training average 94 days	- - - + +

Table C5 Programme eligibility for Classroom Vocational Training

	Eligibility criteria (outcome)
Austria 1986	Voluntary, Any U or at risk of U (+), some targeting of LTU, low skills, returners, disabled
Denmark 1976-86	Employed or unemployed (+ for LTU \geq 5mths)
France 1986-88	Voluntary LTU or unskilled (+ (1994) n.s (1999))
East Germany, Sachsen-Anhalt 1991-97	Any U or 'at risk of U'(-) but some priority to LTU
Sweden 1991-97	4 mths U, but variable; 'Voluntary', but benefits loss at 30wks U , 60 wks U if insured (-)
Switzerland 1997-98, 99	Compulsory at 7mths U benefits loss, benefits expiry at 24 mths (-)

U=unemployed

3.C.4. Benchmarks from the USA on Classroom Vocational Training

There have been three US classroom-based programmes for young people that have been evaluated by experimental method. The findings for these studies are summarised in Table C6, which is based on the earlier review by Auspos et al. (1999). As with many US studies, the outcomes are measured in terms of annual earnings, since this information is available in administrative databases accessible to the evaluators. This earnings measure includes the usual European measure of proportion of time in employment, but this is then weighted by the average wage over the period.

Table C6 US experimental evaluations of classroom training for youth

Name	Dates	Description	Annual earnings
JTPA	87-89	Occupational skills training for disadvantaged youth	No effect
JOBSTART	85-88	More intensive service than JTPA, for more severely disadvantaged groups	No effect
CET	85-88		
(a) JOBSTART		(a) as above, operated with strong employment focus	(a) +20%
(b) MFSP		(b) similar, but targeted on young minority single mothers	(b) +22 %

The two large-scale programmes, JTPA and JOBSTART, both had no impact on overall earnings, either positive or negative. However, when the latter programme was run at the Center for Employment Training (CET) in San Jose, California, substantial effects (of the order of 20 per cent gains in annual earnings) were found in the second and third year of follow-up. CET also achieved similar gains in earnings for young single mothers participating in another programme, MFSP. CET's delivery method appeared to differ from others in being very flexible and more strongly emphasising links between skills training and employment.

3.C.5. Benchmarking conclusions on Classroom Vocational Training

There is a mixed set of evidence for Classroom Vocational Training in Europe, with some positive, some negative and some zero impacts on employment. There is also some apparently conflicting evidence even within the same country, as in the case of Sweden and Switzerland. Although positive impacts are mostly in a small range, negative impacts vary widely in magnitude.

One reason for this diversity of results lies in the way that some studies have subdivided training by course content and length, while others (including the evaluation of NDYP) have treated all training as a single group. Employment outcomes have been shown to vary by type of training, indicating that not allowing for this may mask the true effects. However, lack of a common classification leads to non-comparability. The most defensible generalisation from the available evidence might be that in terms of employment, Classroom Vocational Training has a variable success rate, and can be a hit/miss affair for participants which may reflect quality or content of courses. Targeting may assist in delivering employment gains for Classroom Vocational Training, but this is not certain from the evidence.

A narrower range of results is found, however, if one focuses on the recent analyses concerning France, East Germany, Switzerland and Sweden, all of which have used similar evaluation methods to the NDYP evaluation. Compared with non-participants, the selected benchmark results for training participants fell in a range from losing 15 percentage points of employment to gaining by 8 percentage points. Compared with participating in other types of programme, Classroom Vocational Training appears to do less well than Wage Subsidies but better than Job Creation.

The available results from the large-scale US evaluations of youth training fall within this range, having effects of zero. The more positive results for the Center for Employment Training in San Jose are not directly comparable to national or regional average results. Their value is in showing that some forms of training can be highly effective. It is possible that more localised studies in Britain or other European countries could produce similar positive results.

The results from the evaluation of NDYP (see section 2, Tables 2 and 3) fell in the middle of the range for the selected benchmark results. There was no difference between NDYP participants in the full-time education and training Option, and those remaining on the 'extended Gateway' (the non-participant group). As with the other multi-programme European studies, also, Britain's Classroom Training was less effective than Wage Subsidies but (slightly) more effective than Job Creation.

Comparison with the most recent Swedish youth evaluation also indicated a considerable similarity of results. As in NDYP, the net impact of training compared with non-participation was not significantly different from zero. In Sweden however training was more clearly superior to Job Creation than was the case in NDYP.

3. D. Job search assistance programmes

3.D.1 Job search assistance programmes in Europe

In most European countries, there has been little or no investigation of the impact of job search services or programmes. This was despite a Swedish experiment of the 1970s era (described in Björklund and Regner, 1996), which showed positive effects of intensive job search counselling. We have also found no European evidence concerning job search assistance for young unemployed people as such. This is a serious limitation for the review since the Gateway process represents one of the main features of NDYP.

The two countries where job search assistance programmes have to some extent been evaluated are the Netherlands and Britain. In the Netherlands, only some pilot schemes have been studied, whereas in Britain there have been evaluations of a number of the main job search programmes. From each country, we select one evaluation which provides the nearest comparison to NDYP. Since the information is so limited, we summarise all information from the selected evaluations in Table D1.

In the Netherlands, a programme referred to as Counselling and Monitoring (CM) was introduced on a pilot basis at the end of the 1980s. It consisted of a systematic review of job search services and programmes for entrants to unemployment, discussion of job search methods with an emphasis on the individual identifying the most effective approach, and frequent follow-up to record actual search activities and outcomes. This process seems reasonably comparable with the NDYP Gateway. The pilot was the subject of an evaluation described in Gorter and Kalb (1993). This made use of a quasi-random control group design, and administrative follow-up data for up to a year. The number of job applications made, the number of job offers received, and the time to enter a job were recorded as outcomes. It was found that those participating in the programme had a higher *job entry rate* in each 4-week period up to week 32 (by which time most of the sample had entered employment). From supplementary calculations which we have made from the published data in Gorter and Kalb (1993), we interpret the effect as approximately an additional 3 percentage points of employment over the period of the follow-up. It was shown that the effect resulted from a higher rate of making job applications among the participant group. The study did not include separate analyses by age group.

In Britain, the system of Restart interviews, applied to people when they reached six months of unemployment, was evaluated with data from entrants in 1989-90. Restart interviews involved a less intensive intervention than the NDYP Gateway, consisting of a 15-20 minute initial interview at every six-month point in unemployment, with the possibility of further brief follow-up.

For the evaluation, a small proportion of those nearing their initial Restart interview point was selected at random and excluded from that interview. Subsequent exits from unemployment could be tracked from administrative data. Over a one-year period of follow-up, those receiving Restart interviews spent significantly less time as unemployed claimants (a difference of 4 percentage points, or 7 per cent).

Table D1. European evaluations of job search assistance programmes and outcomes

Programme/period/ author	Description	Time in	
		Employment %	Unemployment weeks ; pp ; %
Netherlands 90-91 CM programme Gorter & Kalb(1993)	Initial counselling interviews with monitoring of progress	+3	
UK Restart Programme White & Lakey (1992)	Monitoring plus single short counselling session		-4 ; -7

Note: pp=percentage point difference, %=percentage difference. The effects are significant at the 1 per cent significance level.

A cost-benefit analysis was not reported in the British evaluation of Restart, since the study was not able to generate estimates of additional earnings for the participants. However, the report noted that the administrative cost of Restart interviews was on average £25 per interview (1990 values). At that time, this was somewhat less than the minimum benefit entitlement per week for an 18-24 year old. As Restart saved about two weeks on benefit in the year after the initial interview, it more than twice covered its costs at the level of the benefit system.

3.D.2 Job search assistance programmes in the USA

There have been numerous experiments concerning special programmes of job search assistance in the USA, but none of these has specifically concerned young people. The likely reason is that such programmes have either been provided for recipients of welfare, which in the USA chiefly means lone mothers, or for recipients of Unemployment Insurance (UI) benefits, which in the USA means people with a substantial record of contributions. Both target populations tend to include only a minority of young people. Another limitation of the US evidence, from the viewpoint of NDYP, is that most of the reported experiments relating to job search assistance for unemployed people took place in the 1980s or before, when labour market conditions were possibly somewhat different from recent years. Despite these limitations, the US evidence on job search assistance is of some potential value because the European evidence is so slight. Also, because experimental methods were used in these US studies, the results are likely to be at least as reliable as more recent European studies using non-experimental methods.

The US evidence on job search assistance experiments was reviewed by Meyer (1995) and our inquiries were unable to locate any new published studies¹² since that date specifically concerned with job search. After eliminating two experiments as being technically unsatisfactory, Meyer identified five job search experiments, of which he regarded three as the more reliable in terms of method; some of these experiments involved more than one variant. One programme (the Wisconsin Eligibility Review) consisted chiefly of a one-day job search course and is not comparable with the broader concept of NDYP, so it has been excluded here. The other programmes all appear relevant.

Table D.2 (which maintains the same format as D.1) summarises information from Meyer's review. Excluding the two outlying results from Washington variant (i) and Nevada, the results suggest that job search assistance reduced the period spent as a claimant by around 2.5 to 5 per cent. There is also a suggestion that the impact varied somewhat with the intensity of the assistance. There were significant gains in earnings for the participants in all cases where claiming was significantly reduced.

¹² A more recent focus of attention in the USA has been on re-employment bonus experiments.

Reductions in the percentage of time on unemployment have been calculated relative to the average times on unemployment for the control groups. It should be noted that in the USA, UI benefits are limited to 26 weeks. A percentage point difference may be calculated by making the time on unemployment as a proportion of 26. The percentage point differences will then generally be a little above one half of the reported percentage differences in Table D2.

The apparently very favourable result from the Nevada experiment should be regarded with caution, since it was carried out in the late 1970s, at a time when social experiments were in their infancy. Meyer (1995) regarded it as the least satisfactory of the five experiments reported.

The New Jersey experiment excluded under-25s, but had a result that was similar to the other experiments which included all age groups. This provides some slight evidence that the results may not be very sensitive to age of participants. However as already noted, only a minority of UI recipients in the USA are likely to be young.

Table D2 US experimental evaluations of job search assistance programmes

Programme/period	Description	Time in Unemployment weeks ; %
New Jersey Reemployment Demonstration 86-87	Monitoring plus single counselling session. Excluded under-25s & some others	-0.47; -2.6% **
Washington Alternative Work Search Experiment 86-87	Two relevant variants: (i) Individual search plans (ii) Intensive search assistance	(ii) 0.17; 1.1 % n.s. (iii) -0.47; -3.2% *
Charleston Placement Demonstration 83	Three versions varying in the amount and intensity of job search assistance: (i) high, (ii) medium, (iii) low.	(i) -0.76; -4.9 % ** (ii) -0.61; -3.9 % * (iii) -0.55; -3.5% n.s.
Nevada Claimant Placement Program 78-79	Weekly interviews, all services from coordinated team	-3.9; -31.5 % ***

ns = not significantly different from zero; * = significant at the 10 percent significance level; **=significant at the 5 per cent significance level; ***=significant at the 1 per cent significance level.

Meyer's summary of the US evaluations provides cost-benefit analyses for the three most reliable evaluations (New Jersey, Charleston and Washington). With one exception, those experiments shown in Table D.2 as reducing unemployment claiming by a significant amount also achieved a substantial surplus of benefits over costs, whether considered from the viewpoint of the UI system, government, or society. The exception was the New Jersey experiment, which made a very small loss at the UI system level and made a surplus at the government and society level.

3.D.3 Benchmarking conclusions for Job Search Assistance programmes

There have been few evaluations in this area within Europe, with the only relevant benchmarking results coming from the Netherlands and Britain. There have however been several relevant evaluations in the USA.

If the result of the early evaluation of the Nevada Claimant Placement Programme is set aside as possibly unreliable, the remaining results from both the European and US job assistance evaluations fall into a fairly narrow band, 0-7 percent reduction or 0-4 percentage points reduction in time on unemployment. The result from the NL was given in terms of percentage increase in employment, but it seems likely that it also would have fitted within the range if specified in terms of unemployment reduction.

The estimated NDYP impact on the probability of being unemployed at the end of the Gateway period was an 18.5 percent reduction in the case of men and 10 percent in the case of women (Wilkinson 2002, cited in White and Riley 2002: 21-22). However, these high figures are not comparable with the studies cited above, since under NDYP those not leaving unemployment during the Gateway period are required to enter an Option (which is not classed as unemployment). A more comparable result (*ibid.*: 24-25) was that NDYP increased the probability of entering a job by the end of the Gateway period by 6 percentage points for men and by 5 percentage points for women. This still appears to be at the top end of the range for the selected Job Search Assistance evaluations, but is not implausibly high in view of the wide range of additional support services available through the NDYP Gateway, by comparison with most job search assistance programmes.

4. Summary and conclusions

NDYP is a complex programme offering a Gateway of job search counseling and monitoring, and four programme streams known as Options. In this review, the external evaluations were grouped into clusters which relate to these main features of NDYP. In selecting the evaluations to include within each cluster, weight was given to recency, method (including comparability of outcome measures), similarity of programme, and focus on young people. In addition, within each cluster an attempt was made to select a 'best comparator' which was then described in more detail.

The Employment Option of NDYP was classified as primarily a Wage Subsidy programme. The most relevant and reliable benchmarks in Europe were those evaluated in recent years in Sweden, Switzerland and East Germany (Sachsen-Anhalt). The range of estimated impacts on the employment rate from these evaluations was 6-14 percentage points. The only relevant evaluation in the USA produced an impact at the low end of the European range, at 3.4 percentage points. The gain in employment for those in the NDYP's Employment Option was 10 percentage points of additional employment, relative to remaining as a job seeker without entering any Option. There were larger gains in employment relative to other Options in NDYP. Thus, the wage subsidy Option in NDYP appears to be at or near the top of the range of the selected benchmarking results for this type of programme. With respect to the Swedish benchmark, which appeared the most comparable, the most appropriate focus was upon the relative results for wage subsidy and training programmes in the two countries. Here NDYP's wage subsidy programme achieved a higher employment gain, 24 percentage points, as against 6 percentage points in Sweden.

Both the Voluntary Sector Option and the Environment Task Force Option of NDYP were classified as Job Creation programmes in the public sector. The most pertinent evaluations on which to base comparison of NDYP were with the Job Creation programmes of Switzerland 1997-98, and East Germany (Sachsen-Anhalt) 1990-98; a recent re-analysis of 1986-88 data from France is also relevant. Using these studies, the estimated impacts on the employment rate from public sector job creation schemes were negative and ranged from -30 to -6.6 percentage points. The sole US evaluation which was relevant to young disadvantaged people returned an employment impact of zero.

The NDYP evaluation suggested that there was no significant difference between the employment outcomes for its Job Creation programmes on the one hand, and continuing job search on the other. Accordingly, these NDYP Options have done as well as or better than the most comparable European counterparts, and as well as the main US comparator.

The Full-Time Education and Training Option of NDYP was classified as a Classroom Vocational Training programme. There was a mixed set of evidence for Classroom Vocational Training in Europe, with some positive, some negative and some zero impacts on employment. There was also some apparently conflicting evidence even within the same country, as in the case of Sweden and Switzerland. Although positive impacts were mostly in a small range, negative impacts varied widely in magnitude.

A narrower range of results was found by focusing on the recent analyses concerning France, East Germany, Switzerland and Sweden, all of which used similar evaluation methods to the NDYP evaluation. Compared with non-participants, the selected benchmark results for training participants fell in a range from losing 15 percentage points of employment to gaining by 8 percentage points. Compared with participating in other types of programme, Classroom Vocational Training appeared to do less well, in terms of employment gains, than Wage Subsidies but better than Job Creation. The

available results from the large-scale US evaluations of youth training fall within this range, having zero effects.

The results from the evaluation of NDYP fell in the middle of the range for the selected benchmark results. There was no difference between NDYP participants in the full-time education and training Option, and those remaining on the 'extended Gateway' (the non-participant group). As with the other multi-programme European studies, also, Britain's Classroom Vocational Training was less effective than Wage Subsidies but slightly more effective than Job Creation.

Comparison with the most recent Swedish youth evaluation, which is particularly comparable with NDYP in many respects, also indicated a considerable similarity of results. As in NDYP, the net impact of training compared with non-participation was not significantly different from zero. In Sweden however training was more clearly superior to Job Creation than was the case in NDYP.

The NDYP Gateway can be regarded as a Job Search Assistance programme. There have been few studies of this type of programme in Europe. The only relevant comparators were found in an earlier British study, in the Netherlands, and especially in the USA. The most relevant results from both the European and US evaluations fell into a fairly narrow band, 0-7 percent reduction or 0-4 percentage points reduction in time on unemployment. The result from the NL was given in terms of percentage increase in employment, but it seems likely that it also would have fitted within the range if specified in terms of unemployment reduction. The estimated Gateway impact on the probability of being unemployed was considerably higher (a reduction of 18.5 percent in the case of men and 10 percent in the case of women), but this was attributable to compulsory entry into Options (not counted as unemployment) if no job was obtained. A more appropriate measure of the NDYP Gateway impact was employment entry, which increased by 6 percentage points for men and by 5 percentage points for women. This appears to be at the high end of the range of estimates, but is plausible since the NDYP Gateway contained a wide range of support for clients beyond simple job search assistance.

To conclude, NDYP was towards the top of the range of selected results concerning Job Search Assistance, Wage Subsidies and Job Creation and was in the middle of the range of results for Classroom Vocational Training. While these comparative results appear to be broadly favourable to NDYP, two caveats should be noted. Many of the selected results, taken from recent evaluation research in Europe, were themselves rather low and even negative. Thus, to say that NDYP compared favourably is not to claim that the programme was highly effective or constituted an excellent application of public funds. Also, as was stressed in the Introduction, even though we have attempted to apply a systematic and consistent approach to the review, the methods used remain informal and simple. A more rigorous assessment, and one which makes fuller use of the available information from the many available evaluation studies, remains in the future.

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